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Member FDIC  
2005 SEP 12 AM 10:35

September 7, 2005

FDIC San Francisco Regional Office  
Director John F. Carter  
25 Jessie Street at Ecker Square, Ste. 2300  
San Francisco, CA 94105

Dear Mr. Carter,

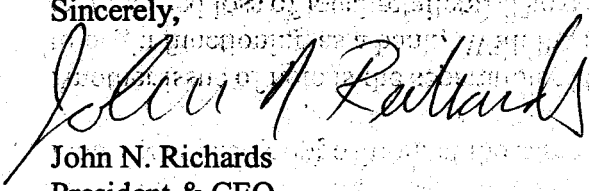
I am writing in regards to the recent application for deposit insurance being filed by Wal-Mart for its pending Utah based ILC. According to information read on this application, pledges made by Wal-Mart regarding branching are vague and non-legally binding. In other words, Wal-Mart making promises to the banking industry to pacify opposition, at the same time knowing that those promises will not stand up in court.

Another issue of note is the separation of banking and commerce that will be in jeopardy if Wal-Mart is allowed to begin functioning as a bank. With the market clout held by Wal-Mart, many small and communities have experienced loss of local retailers. The enormous size of this corporation and the revenue generated by it, gives Wal-Mart the flexibility of pricing practices that eliminate its competition. This flexibility will affect local banks in a similar fashion. Wal-Mart banking may also reduce choices for consumers as the number of financial institutions diminishes. A community bank looks at the customer as an individual based on relationships and knowledge of that customer, whereas Wal-Mart will make numbers only decisions.

Credit decisions with Wal-Mart may not be made according to the creditworthiness of the borrower, but on the incentives supplied to Wal-Mart to lend to them. The "you scratch my back, I'll scratch yours" mentality could disfavor certain suppliers and business that chose not to bank with Wal-Mart. Banking in this fashion may be allowed because of the lack of Federal Reserve regulations on the ILC that Wal-Mart is proposing. As testified by the Federal Reserve "Allowing a commercial firm to operate a nationwide bank outside the supervisory framework established by Congress for the owners of insured banks raises significant safety and soundness concerns and creates an unlevel competitive playing field"

Because of Wal-Mart's track record of impacting communities by the activities previously stated, we urge the FDIC to reject Wal-Mart's application for federal deposit insurance for a Wal-Mart ILC. Your time and consideration are greatly appreciated.

Sincerely,

  
John N. Richards  
President & CEO  
Prairie National Bank

"It Pays to Know Us"